

# Tools and methods to implement an effective outsourcing process to obtain a quality service: A case study of Itis shopping centre

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## Tools and methods to implement an effective outsourcing process to obtain a quality service: A case study of Itis shopping centre

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Itis shopping centre is one of the largest shopping centres in Finland. It has outsourced different facility services to support its core business. The aim of this research was to find out the tools and methods case company is using to implement an effective outsourcing process to obtain a quality service. The theoretical background discusses facility management, service quality, quality systems, the procurement process, the key drivers and challenges of outsourcing services, service specification, and contracts and the service level agreement.

A single case study strategy was applied in this qualitative research. Two semi-structured interviews were conducted with the cleaning and security manager to collect the relevant data for this research. Later on, facility managers of the case company, namely, shopping centre manager, maintenance manager, cleaning and security manager were interviewed by using a close ending questionnaire. Data collected from the interviews were analysed according to the themes developed from the theoretical framework.

The result of the interviews suggest that the case company has implemented an effective outsourcing process to obtain a quality service by using the following tools and methods, needs assessment, risk and opportunity assessment, developing the service specification, invitation to tender, tender assessment, negotiation, service level agreement, contract, performance monitoring. The Case Company is using all the tools and methods effectively to obtain a quality service. This research suggests that quality is obtained by these tools and methods.

The research also suggests that for the purpose of innovation and development, the case company has an opportunity to benchmark the service level agreement, service specification, and the performance monitoring system with the other organizations to get new concepts and ideas.

**Keywords** Facility management, Outsourcing, Procurement process, Quality service, Quality system, Performance monitoring, Key drivers of outsourcing, Challenges of outsourcing, Service level agreement, Service specification

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## 1 Introduction

### 1.1 Background of the research

Outsourcing can be defined “strategic use of the outside expertise and resources to perform activities traditionally handle by internal staff and resources” Pine (2016). According to Power, Desouza and Bonifazi (2006, 1) “Out sourcing is made of two words-out and sourcing. Sourcing means the act of transferring work, responsibilities and decision making to someone else”.

Outsourcing is a growing business trend. The trend of outsourcing facility service continues as organizations seek to concentrate on long term personnel and resources (Rondeau, Brown, Lapides 2006, 2). Cost saving is one of the common reasons for outsourcing services (Ashley 2008). Outsourced service providers are considered to do the job better, cheaper and more quickly (Booty and Taylor 2009, 256). According to Pine (2016) Outsourcing is a business strategy. An organization contracts out major functions to specialist and efficient service providers.

However, a research conducted by the International Facility Management Association (IFMA 2006) on the practice of outsourcing in the facility management field. It suggests that in 15 years outsourcing becomes a common business phenomenon, but not always a popular decision by those affected. 2 in 5 companies have brought services back in-house from the outsourced services. The common reasons are to gain control over service, terms of cost, quality or response time. Beside that 78% facility executives consider that one of the major challenges of outsourcing is ensuring that the company is getting the correct level of service. 52% of the facility managers refer the developing the trust with the service providers is another challenge for the company (IFMA 2006, 19). According to Theriault (2007) this statistic suggests that there is a significant gap between the outsourcing initiative and its implementation.

Power et al. (2006, 1) suggest that “one would hope that with the rise in outsourcing as a business phenomenon, managers and executives would be better equipped to handle the many challenges associated with outsourcing”. Similarly, Edwards (2012, 140) points out that outsourcing transfers the responsibilities in the sense of labour and equipment to the service providers. However, it does not transfer the management responsibility for the property to the contractor. The responsibility remains to the facility manager to keep the property in a profitable condition.

## 1.2 Research aim and questions

The aim of this research is to find out tools and methods the case company is using to implement an effective outsourcing process to obtain a quality service. The research is derived from the hypothesis that essential facility management tools and methods are required to implement an effective outsourcing process to obtain a quality service. Therefore, the aim of this research is to answer the following questions:

1. What are the existing facility management tools and methods the case company is using to implement an effective outsourcing process?
2. How quality is obtained by these tools and methods?
3. What are the key drivers and challenges of outsourcing facility services in the case company?
4. Are there any opportunities for the case company to develop existing tools and methods?

## 1.3 Case Company-Kauppakeskus Itäkeskus oy

### 1.3.1 Company Profile

Itis shopping centre is the largest shopping centre in Finland, which was opened in 1984. The shopping centre is located in the district of Itäkeskus in East Helsinki and owned by Dutch real estate company Wereldhave N. V.

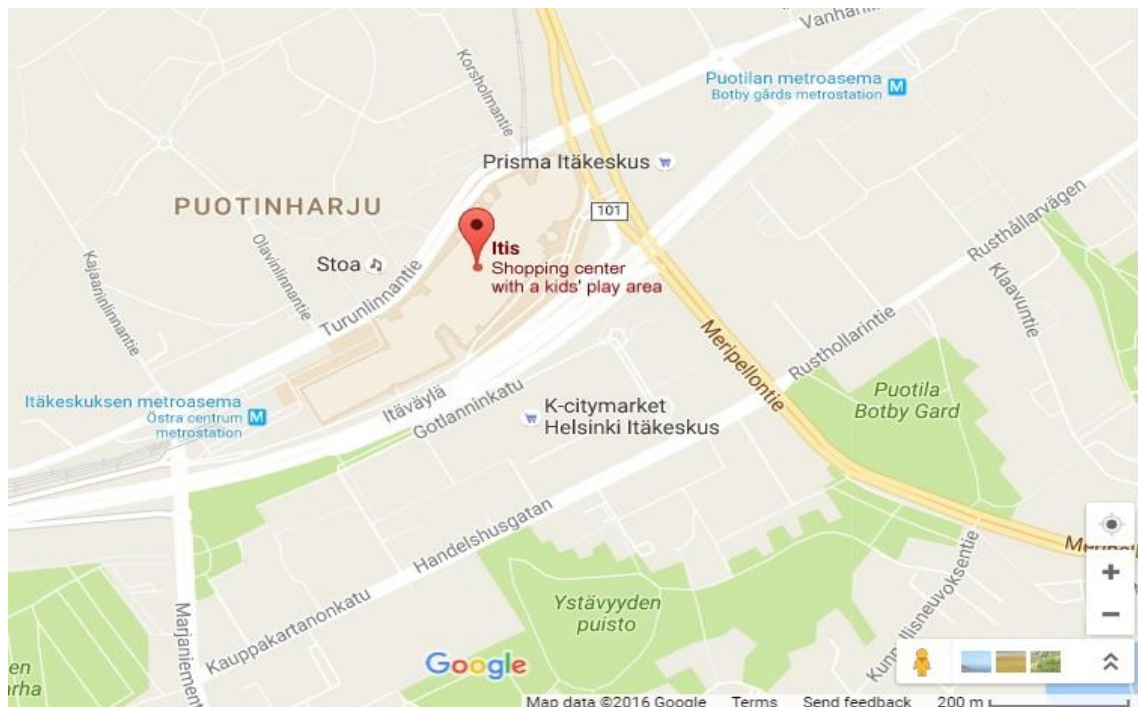


Figure 1: Itis shopping centre on Google Map (Google 2016).

Figure 1 shows the Itis shopping centre on google map. Itäkeskus metro station is a short walk away from the Itis shopping centre. From the Helsinki railway station, it takes around 12 minutes to arrive to the shopping centre by the Metro. Regular bus services are available and easily accessible from and to the shopping centre. There are more than 150 shops and 4000 free parking areas for the customers. Shopping centre's atmosphere is friendly and international. It provides various services for the customers, including Eco-point, Gift card, Push-chairs for children, Lost & Found, Bitcoin ATM, Parcel Point, Bicycle parking areas, Parking, Storage lockers, Wheelchairs, Photo booth, Wi-Fi, Toilet, Charging station for the mobile, Info service (itis 2016).

<b>Name of the company</b>	<b>Kauppakeskus Itäkeskus oy</b>
<b>Location</b>	Itakeskus, Helsinki
<b>Address</b>	Itäkatu 1-7, 00930 Helsinki
<b>Date of establishment</b>	1984
<b>Owner</b>	Wereldhave NV
<b>Rental area</b>	103,000m <sup>2</sup>
<b>Number of shops</b>	More than 150
<b>Number of visitor per year est.(million)</b>	17m
<b>Number of visitor in 2015(million)**</b>	19.5
<b>Annual sale in 2015( million)**</b>	376.1
<b>website</b>	<a href="http://www.itis.fi">www.itis.fi</a>

Table 1: Company Profile-Kauppakeskus Itäkeskus oy (itis 2016)

\*\* According to Finnish Council of Shopping Centre (2016).

In the year 2015, Itis was awarded the best shopping centre in the Finland by the Nordic Council of the Shopping Centre. In the same year, it achieved an in-use BREEM certificate “very good” for building and asset management. Over 110€ million euros were invested to renovate the shopping centre in the year 2011-2014. In addition, technological development and investment in the safety, security and cleanliness areas make Itis reasonably one of the safest and cleanest shopping centres in the Finland. In ML's own words,

“Itis is arguably the safest and cleanest shopping centre. We have really invested in these two subjects in past few years to exceed the customer expectations” “Itis is the largest shopping centre in Finland. As a company we are ambitious and aim to set new standards for Finnish Shopping Centre” (ML).

Itis has been offering the customers a unique shopping atmosphere since 1984. As a result, the development and investment are designed to exceed the customers' expectations. ML

emphasises that the core values of the Itis are ambition, entrepreneurship, teamwork and transparency.

### 1.3.2 The role of outsourcing in Itis

According to the interviewee, Itis has been outsourcing approximately 50 different services. The largest outsourcing services are cleaning, maintenance, security and technical maintenance. Beside that some part of the supporting services such as, info, a kids play area, some part of the marketing activities, event management are maintained by outsourcing employees. In ML's own words-

"Itis has outsourced a lot of different services, at least 50 different services. Largest out-source services are facility services such as cleaning, security, maintenance and technical maintenance. Further also for example staffing of Itis play area and event implementation and some marketing services are outsourced" (ML)

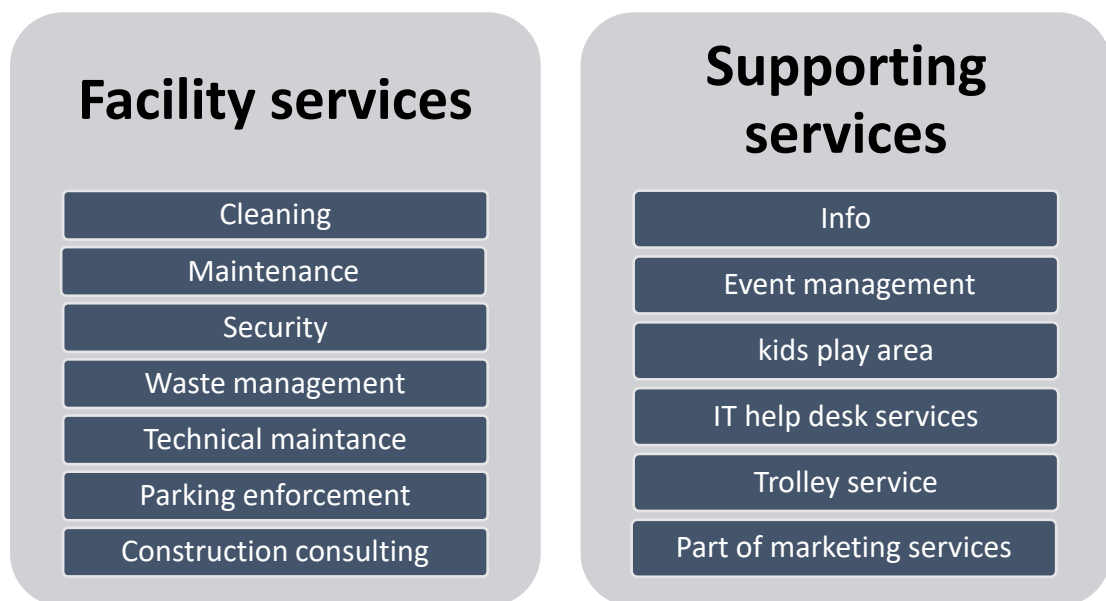


Figure 2: The Key outsourcing facility and supporting service in Itis

The figure 2 shows that Itis has outsourced the key facility and supporting services in the property. It suggests that facility and supporting service have a significant role to support the core business. Therefore, it is essential to implement an effective outsourcing process to obtain a quality service.



## 2 Theoretical background

This theoretical section discusses the relevant theories to answer the research questions. As a result, this section focuses on defining, facility management, quality, quality system, key drivers and challenges of outsourcing facility services, Procurement process, Service level agreement and contract, and Service specification.

### 2.1 Facility management

According to Alexander (1996, 1) “Facility management is a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, process and technology”. It is an interdisciplinary business function which integrates the people, place and process to achieve the strategic goals. The main objective of the facility management is to support the core business by ensuring all the facilities including buildings, systems and services contribute to the core business. As a result, it concentrates on satisfying customers’ demands by utilizing resources, improving quality, reducing risks and ensuring value added services for the stakeholders.

Alexander (1996, 2) continues with the scope of the facility management discipline which covers all aspects of the property, space, environment, health and safety. In general, the discipline of facility management is all about to set out the policies, corporate guidelines and standards in order to response to the vital issues such as space allocation and charging, health and safety, environment and employment contract. Therefore, it is crucial to set out facility users’ oriented policies and guidelines which will have a positive impact on the corporation.

Atkin & Brooks (2009, 1, 13) define the facility management in the same way like Alexander. By comparison, there is useful guidance, which enhances the importance of facility management. Facility management coordinates with people and process, supports the well-being of the individual, delivers the effective and efficient services, and creates the value for the core business. Therefore, facility management’s strategies should incorporate with the financial objectives of the organization, procurement strategy, in house/outsourcing strategy, human resources plan, ICT strategy, Customer requirements, quality, cost and time objectives. In that cause, the rapid changes in the ICT and advance development in other forms of smart devices should be taken into consideration to keep the premises highly integrated for the facility users (Atkin & Brooks 2009, 1, 13).

The above-mentioned theories outlet the facility management and how it deals with different aspects of the organization. Furthermore, Barrett and Finch (2014, 8-12) add the typical facility management activities for a facility manager.

Facility planning	Building operation and maintenance
Strategic space planning Furniture layout Set corporate planning and standards and guidelines Monitor space use Select and control use of furniture	Security Energy management Monitor performance Cleaning and decoration Maintain building fabric Waste management and recycling
Real estate and building construction	General/Office service
Acquisition and disposal Construction management Advice on property investment Control of capital budgets	Provide and manage support services Housekeeping standards Health and safety Office purchasing Non building contract services such as catering , travel

Table 2: Typical facility management activities (Barrett and Finch 2014, 9)

In general, it depends on the size and level of the services in the organization to determine the need of a facility manager and its responsibilities. A facility manager can be responsible for the provision of many different services as table 2 illustrates. But it is not necessary to engage with every single stage of the delivery; where it is necessary to empower all other functional units or departmental managers (catering, maintenance, security, housekeeping, cleaning) to take decision to run the organization effectively and efficiently. Therefore, centralized and decentralized decision making process should be discussed profoundly to maintain the daily operation smoothly (Barrett and Finch 2014, 11).

## 2.2 What is Quality?

According to Alexander (1996, 60, 61) “Quality is continually satisfying the customer’s requirements”. As far as facility management concern, quality is satisfying customer’s requirements, reducing the cost and waste by doing the tasks adequately and economically. To some extent, reliable service and cost efficiency are the basic demand of the customers. As a consequence, a facility manager should have to know that what are the customer’s demands and, how to manage it on time.

It is important to understand what determines quality, because a quality service is a key element to satisfy customer’s needs. In order to manage the quality, it is a crucial task to define the quality. In a short phase, quality is satisfying the customer or client requirements. One of the main aspects of the quality is the presence of defects. Every single working process has innumerable points at which a defect may occur. Because of this, all the possible areas where

a defect may occur should be identified beforehand. When a service level requirement is clear, it is easier to allocate the resources to meet the customers demand by taking all possible defects into consideration (Rondeau et al. 2006, 46, 47).

Barker (2013, 72, 73) defines the quality precisely. Quality in terms of service consists of four essential components, which are excellence, compliance, intelligence and review. Quality does not have a starting or ending point, it is an ongoing tool, which is better of using to analysis and develops the service.

In fact, excellence should not have to be the best that money can buy. It is possible to attain an excellent service on a meagre budget, which depends on how the definition of the excellence defines. Excellence is to perform and achieve the best possible outcomes within the given set of parameters. In order to maintain a quality service, it is crucial to set the parameters of the service and a clear planning (Barker 2013, 72).

Initially, Compliance is a well-understood matter of adhering to laws and regulations. In the wider sense, compliance is setting the strategic objectives and aspiring to achieve the goals. To some extent, compliance is an audit. It helps to reset the goals for an organization. Quality does not come into exit without an intelligence decision. In general, a manager works as an intelligence that keeps an open mind to keep the system update. Intelligence is all about setting the goals for the organization and working closely to achieve the organizational goals (Barker 2013, 72, 73).

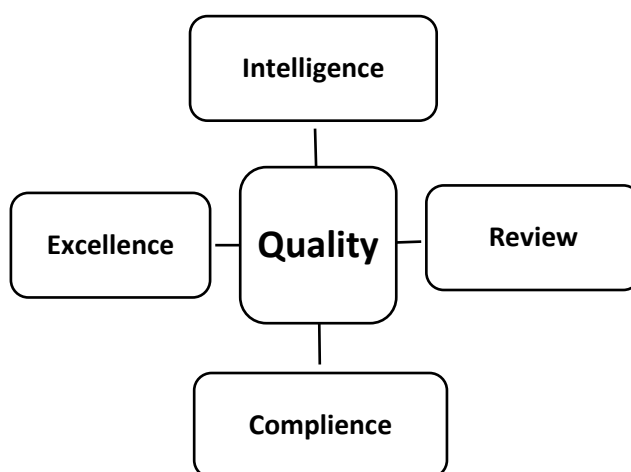


Figure 3: Four components of a quality service (Barker 2013, 72, 73).

Where applicable, quality should be reviewed on a regular scale. It allows a facility manager to create a clear picture of achievable along with non-achievable tasks. Review is not just looking into the problems; it is all about getting familiar with the services deeply. What

should be done to make the service better than now, and how to overcome the weakest points in the next level? (Barker 2013, 73).

### 2.3 Quality system

According to Alexander (1996, 67), it is beneficial to have a plan how to achieve the TQM either by a supplier or in-house. As far as a supplier concern, it is worthwhile to trust a supplier who has secured or on the way to attain the international recognizable standards, such as ISO, BS and IIP. Wiggins (2010, 504) emphasises that FMs should have to familiar with the quality standards and accreditation schemes, which is more suitable to the built environment.

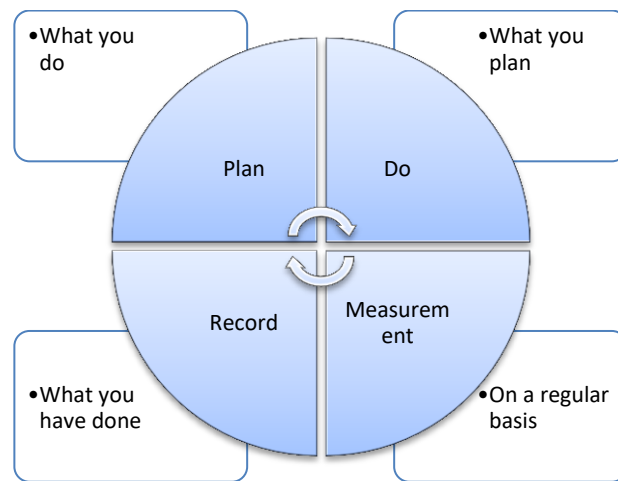


Figure 4: Quality assurance (Wiggins 2010, 504)

British standards (BS5750), International standards (ISO 9000), Investors in people (IIP) are well known quality standards and accreditation schemes, which can be awarded to an eligible organization either by self-certification or an external assessor. In order to ensure a systematic process to implement the FMs activities, Quality assurance should be given a top priority (Wiggins 2010, 504).

However, Atkins & Brooks (2009, 117) emphasise that if a client organization wants to obtain a satisfactory level of service, it should maintain a quality system and require its service provider to do the same. Quality systems should be an essential part of the service provision. Service providers should apply the principles of quality assurance to create a value added service. A quality assured approach can save money and time by reducing the errors and reworking. Therefore, quality should be one of the criteria to assess the tenders of prospective service providers.

### 2.4 Outsourcing: Key drivers and challenges of outsourcing facility services

Barker (2013, 106) defines the outsourcing as a process to buy a service from the market.

Taylor and Booty (2009, 256) state that now days outsourcing is a common business practice. There is a growing trend in the commercial real estate to outsourcing facility services from the external firms (Edwards 2012, 140). There are two types of outsourcing, which has a different approach and needed to be dealt with separately. One is buying a contracted service from an external service provider, and another is required market testing an in-house function.

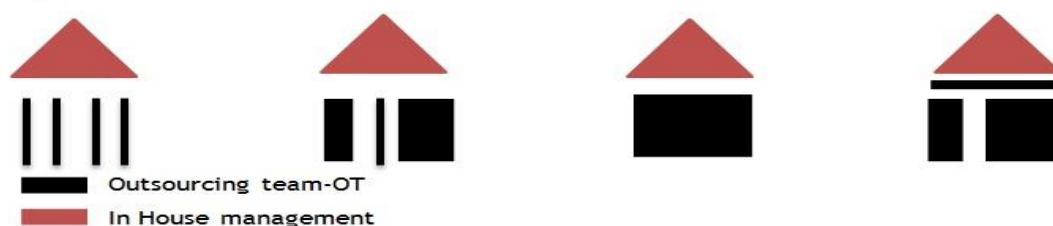


Figure 5: Outsourcing FM models (Wiggins 2010, 40).

Figure 5 shows that there are different models to outsource services. This figure shows that from single outsourcing contract to bundle outsourcing contracts managed by in-house management. Some organizations may choose a managing agent for the outsourced team.

Barker (2013, 107) suggests that the outsourcing decision should not be taken lightly. It is essential to assess the outsourcing implication and its effect on the organization in advance. Barker (2013, 107) states that it is important to identify the advantages and challenges of each individual contract to find out the reasons for outsourcing in the first place, which will help the organization to identify the goals of each contract for a long term.

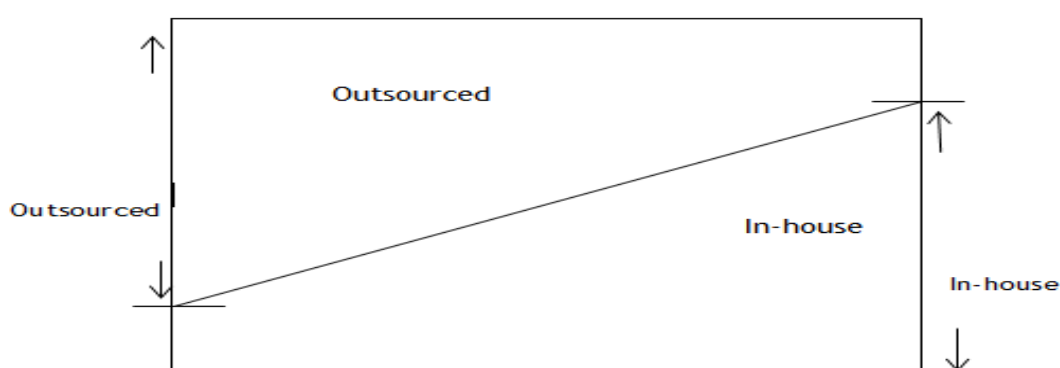


Figure 6: Relationship between in-house and outsourced operations (Wiggins 2010, 39)

Figure 6 shows that there will always be a minimum in-house team retained for control and direction of outsourced organization. Atkin and Brooks (2015, 99) state that whether or not to outsource should be based on best available information. The information should be used to understand the needs. The risks and opportunities regarding the outsourcing decision should

be identified and assessed. Likewise, Stakeholder engagement is necessary to identify the stakeholders' needs as end-users (Atkin & Brooks 2015, 99).

Wiggins (2010, 38) states that One of the primary reasons for outsourcing is to reduce the operating cost. Doing so, companies can take off the non-core activities and concentrate more on core activities. Furthermore, service providers offer the expertise and specialist that can bring change through innovation for the companies. Taylor and Booty (2009, 256) state that normally outsourcing decision is made based on financial reasons and it is expected that outside expertise can do the work better, cheaper and faster.

According to Edwards (2012, 141) many specialized requirements are seasonal or schedule over a long period of time such as, ceiling inspections and repair, boiler cleaning, duct cleaning, winterization of swimming pools. Because of this, specialized worker and expertise are required to perform these kinds of activities. Beside that certain activities such as, elevator repair, maintenance of safety and security equipment and installation of electrical wiring must be maintained to prescribed or mandated standards. Despite this, these kinds of activities involve higher financial and safety risk. As a result, outsourcing moves the liabilities of improper work to the contractor (Edwards 2012, 141).

One of the main aims of the facility management is to keep the property in a profitable condition. A specialist contractor can ensure the specialized maintenance activities, which are expensive in the sense of labour, equipment and materials. Latest equipment and specialist worker add the value and reduce the operating cost for the internal technicians. Moreover, Outsourcing removes the typical obstacles of the human resource activities, including payroll, recruitment, training, and career plan for an individual worker. As a result, it transfers the responsibilities and liabilities to the contractor, which creates the simplicity and transparency in the organization (Edwards 2012, 141).

Key drivers of outsourcing facility service			
1	Cost efficiency	4	Supporting core activities
2	Expertise	5	Reducing the financial risk
3	Quality	6	Productivity

Table 3: Key drivers of outsourcing facility service (Edwards 2012, 141)

Table 3 shows the key drivers of outsourcing facility services. However, outsourcing is not typically import the positive effect in the organization; it may end up costing more than previous service. If the service requirement is not clear, there is no variation clause to change the service specification and service agreement, when it is required, it will cost an organization as long as a correction has made. In that cause, all the termination clauses, penalties for

branch of contract, variation clause to change the service level and service agreement should be written in the contract. Service specification needs to be watertight to maintain the service quality. Otherwise, a long-term contract with a poor performance will increase the cost for an organization (Barker 2013, 108,109).

Losing control over the contractors' workers for their work and operation is another challenge for a facility manager. Particularly, outside employees may not have the same motivation or loyalty as in-house employees. It is an important task to implement a quality control policy to monitor the performance of the service providers to ensure the quality of service. Besides that, a system of accountability and inspections could be developed to keep the property in a profitable condition (Edwards 2012, 142).

Generally the legal agreement between the contractor and an organization make a path way for the outside worker to perform the work in the property. Because of this, a facility manager does not have a role or solely responsible to check the outside workers ability to work, capacity to meet the organization needs and ethical business practices. Therefore, facility manager must develop a system to screen the outside employees to maintain the service quality (Edwards 2012, 142).

According to Edwards (2012, 142) it is important to ensure the safety and security of the organization. Therefore, a service provider must be required to interview the employees to choose the right employees for the organization. In the same way, facility manager should have a list of each individual worker, who has been assigned to commence the work in the premises. At the same time, it should be monitored and updated on a regular base (Edwards 2012, 142).

The challenges of outsourcing	
1	Financial ,legal and disruption risks
2	Losing control over employees
3	Lake of loyalty and motivation of the worker
4	Security risks
5	Risk to corporate image
6	Unskilled worker

Table 4: The challenges of outsourcing (Edwards 2012, 142)

Dealing with the reaction time to response to an emergency work is expensive. Therefore, Edwards (2012, 142) suggests that on a large property, internal staff should retain an emergency capability to reduce the reaction time to response to the emergency work. Though normal routine works such as landscaping, painting, cleaning, or preventive maintenance

work do not need to be considered for possible emergencies, special attention should be given in key areas such as plumbing, HVAC (heating ,ventilation and air conditioning), electricity. Reaction time requirements should be included in the contractual agreement, where the service provider must meet the responding time requirements (Edwards 2012, 142).

## 2.5 Procurement process

According to Wiggins (2010, 170), Facility management plays an important role in the organization, when it comes to manage a purchasing budget in a cost effective way. In order to get the right service in the right place, it is required to develop the procurement strategies, service specification, and service level agreement for the organization. At the same time, suitable cost model could be used to assess the service provider's proposal and compliance to the contract. However, procurement strategy of an organization should be unique, which will reflect the values, custom and the culture of the organization itself. For example, In EU key principles of the public sector procurement are accountability and transference. On the other hand, private sector is free to have their own procurement strategies, procurement process and awarding of the tenderer (Wiggins 2010, 170-172).

Procurement process has different process and procedure, which must be followed by an organization to find a solid base for the service delivery. Because of this, Procurement process should be supported by a time plan, agenda or Gantt chart, which will show the activities, tasks and resources. However, when it requires to prepare a schedule or agenda, it is worthwhile to make it network based. In the meantime, resources should be allocated to individual department in advance to ensure all the proposals go through a feasibility test (Atkin & Brooks 2015, 122).

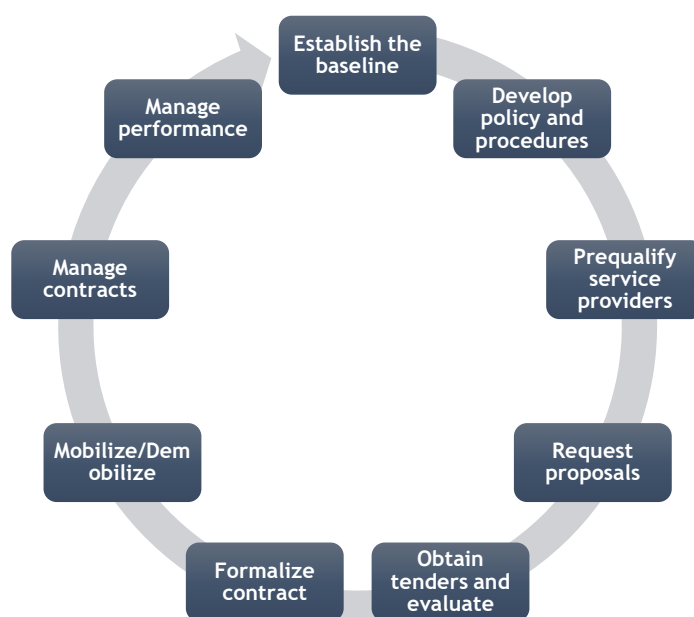


Figure 7: The procurement process (Atkin & Brooks 2015, 123)



Figure 7 shows the procurement process. Patel & Aran (2005, 137) state that "A systematic analysis of the perspectives of all stakeholder groups is an invaluable tool ". This process involves identifying the stakeholders namely, employee, customers, community, regulator, and then identifying the needs of the stakeholder based on the relative importance issues such as security, quality, and economic impact. The needs of the stakeholders should be used as a baseline for outsourcing. Therefore, stakeholders mapping or engagement should be dynamic, as the needs and concerns of the stakeholders will evolve with the time. This process is important to understand the current and future stakeholder's concerns regarding the outsourcing services (Patel & Aran 2005, 137).

Once a basic draft of the proposed outsourcing is prepared, the following step is to find out an outsourcing service provider. A client organization can use various ways to find out outsourcing service providers. Traditionally, a list of potential service providers can be prepared from industry association directories. Reference for the listed service providers can be obtained from the experts and experience managers. Another approach of finding the service providers is to set service provider qualification. A client organization makes the service provider's qualification based on its needs, organizational goals and strategic planning. The service provider's qualification may include the price, service delivery, quality service, security, customer satisfaction, quality improvement and financial strength. A request for information (RFI) can be sent to the potential service providers to ask the price and other qualification criteria with which the client organization is most interested in (Schniederjans, M. Schniederjans, A. Schniederjans, D 2005, 56).

A request for information should be prepared and issued to the prospective service providers. RFI can determine the service providers' capacity and capability to provide the service. RFI varies company to company, however, it should request useful information such as ownership of the company, competences, area of specialization, technical skills, financial capacity, and social corporate responsibility, HSE policy, references and quality system ( Atkin & Brooks 2015, 128).

Invitation to tender can be sent to the right service provider in many ways. Booty and Taylor suggests that appropriate trade journal or newspaper could be a possible way to send the invitation to tender. It creates the opportunities to get the right service provider from the wider range. On the other hand, a company can limit the number of bids by preparing invitation to tender to the preselected service providers who are already known to the company (Booty and Taylor 2009, 260).

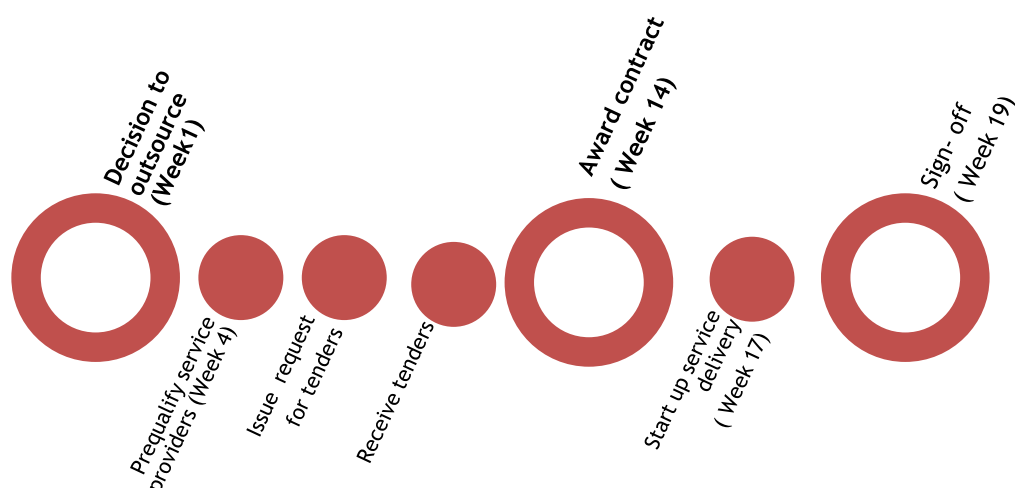


Figure 8: The procurement timeline (Atkin & Brooks 2015, 124).

Figure 8 shows the procurement timeline. In general, an organization may adopt either centralized or decentralized procurement process, in some case, it may apply both. However, it is crucial for an organization to be clear regarding local and centralized procurement process to gain strategic advantage over certain contracts. Despite this, an organization should develop the procurement policy and procedure that will reflect the best practice in a number of key areas (Atkin & Brooks, 2015, 122).

According to Atkin & Brooks (2015, 124, 125) procurement policy should cover following policies, none of these should be omitted without a good cause.

Subjects	Area to cover
Compliance	Compliance to internal and external standards including HSSE
Manual of authorities	Authorized personnel to deal with different issue of the procurement.
Stakeholders	Nature of stakeholder's involvement in different stage in the procurement process.
Corporate social responsibility	Principles and initiative
Bribery and anti-competitiveness	Means to prevent unethical behaviour
Dispute resolution	Process and procedure
Risks and opportunities	Identification, evaluation and action
Contract management	Contractual relationship in between supplier and an organization
ICT	Use of systems

Performance measurement	Process and procedure that should be linked with payment, incentives and penalties
Intellectual property	Identification and rights of intellectual property
Public procurement regulation	EU or national public procurement legislation , if applicable
Freedom of Information	Legislation concerning freedom of information , if applicable

Table 5 : Essential areas of the procurement policies (Atkin & Brooks 2015, 124, 125)

An organization may have a distinct function for the procurement of the goods and services. However, Procurement should be considered as a distinct function, which is better managed by an organized role. In addition, lack of internal competence and skills of procurement, expert advice from an external source or agent could be used to fulfil the role (Atkin & Brooks 2015, 126).

## 2.6 An effective contract and service level agreement

Edwards (2012, 142) states that key to outsourcing is the written agreement or contract. According to Cullen (2009, 13) Outsourcing contract or agreement consist of important documents, which set out the legal, commercial and operational framework of the contract. Service level agreement, Financial schedule, Governance charter are essential elements to form a contract. Johnston and Benyon (2006, 10, 11) state that Service level agreements are one of the most important aspects of the service agreement or contract. Therefore, Johnston and Benyon (2006, 10, 11) suggest that contract must include service level agreement to make it valuable.

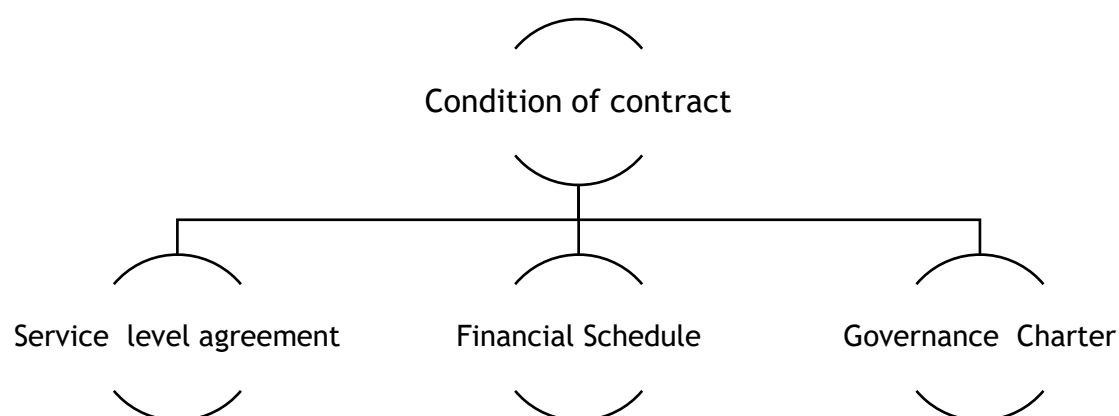


Figure 9: Key governing documents of contract (Cullen 2009, 14).

Figure 9 shows the key governing documents of the contract. Here financial schedule means the process, in which agreed work will be billed and Governance charter means that how the

parties will manage the contract (Cullen 2009, 14). According to Barker (2013, 289) a service level agreements define the service, service standards, quality requirements. It also defines the responsibilities and the priorities of both parties.

Components of service level agreements	
Service specification	Disputes resolution procedures
Service standards	Performance monitoring mechanisms
Quality requirements	Termination conditions by both parties
Payment terms	Legal compliance
Responsibilities of service providers	Quality management

Table 6: Elements of service level agreement (Barker 2013, 290).

Table 6 shows the elements of service level agreements. Cordall (2016) suggests that the service level agreement should contain the following elements, overall objectives of the service, service description, performance standards, compensation, and critical failure. According to Cordall (2016) Service description defines the details of the service. Performance standards describe the expected service standards. Compensation clarifies the financial consequence if service providers do not achieve the service levels. Critical failure means the overall service performance fall below standard level. Here Cordall (2016) suggests that client organization should have the right to terminate the contract for the critical failure.

In addition, Cordall (2016) explains that pricing may need to change on a number of factors. As a result, the service level agreement should include a price review provision in order to save cost. Besides that, the service level agreement should include a change control procedure to change the service level agreement, when it is required. Similarly, Atkin and Brooks (2015, 199) state that service specification or service description should not be regarded as a fixed requirement. It should be considered a continual improvement process which change as end-user needs change. Therefore, it requires to change the service level agreement and service specification (Atkin & Brooks 2015, 199).

Edwards suggests that a contractor must have enough insurance to cover injuries to employees and should be accountable for any disruption caused by its works. It is important that Insurance policy covers both property and contractor. In general, the insurance certificate mentions, "Owner also covered". Finally, a standard insurance certificate must be provided to the facility manager (Edwards 2012, 143,144).

A very detailed description of the contracted work is essential to add into the contract, so that it will become easier for parties to make a clear plan on, how to design the service and how to achieve the service levels and service standards. Besides that, a price list for each task is recommended to include in the contract. List of price and task should be written care-

fully; in addition a clause could be used to cover additional service and price. The facility manager should have the right to withhold the payment until work is completed and inspected (Edwards 2012, 143).

An effective contract should have the reaction requirement for a response to the work requests. This section should indicate the maximum reaction time for routine work, after-hours work and emergency work. A contractor should have the ability in the sense of labour and equipment to respond the emergency, to ensure the property is supported for emergency needs and unexpected service interruptions. Before signing the contract, it is necessary to have a review of the contract by a legal counsel. Non-technical contract such as, cleaning, janitorial service, and landscaping can be designed and negotiated by facility manager with a review from the legal consultant (Edwards 2012 ,143, 144).

## 2.7 Service specification

A service specification is a part of the contract. In general, a service specification is a specific written document that assesses the minimum service standards required by a client or customer. Service specification should be prepared in well-defined terms together with customer's requirements. However, it should not stating requirements in a way that prevent the service provider to practice the most effective and efficient approach in order to achieve the customer satisfaction (Atkin & Brooks 2015, 133,134).

According to Backer (2013, 109) "A specification is an explicit series of written requirements used to describe the level of service required in a detailed, yet clear and unambiguous, fashion". Atkin & Brooks (2015, 133) emphasis that service specification and service level agreement are essential facility management tools regardless of whether a service is outsourced or in-house. Both service specification and service level agreement provide guidance for the organization as well as for the service provider to focus on how services should be provided, where, when and in what ways.

Wiggins (2010, 41) explains that "the specification should incorporate a management structure and chain of command with the client organization". A specification should include the performance measurement and review procedures .In that cause, if applicable, payment should link with the performance improvement. However, a specification should be result oriented; it should create a scope for the contractor to exercise effective and efficient methods to achieve the result. The relationship of partnership should be developed on mutual benefits (Wiggins 2010, 41).

Section	Contents
Part 1: Terminology	1.1 Definition of terms used
Part 2: Areas/items/services	2.1 scope of areas/items/services covered by specification.
Part 3: External standards	3.1 Statutory requirements 3.2 International/national standards 3.3 Manufacturers' recommendations 3.4 Industry -accepted best practice
Part 4: Internal standards	4.1 Corporate/department requirements 4.2 Previously accepted standards
Part 5: Categorization of areas /items/Services	5.1 Detailed procedures for each category 5.2 Frequency of procedures for each category.

Table 7 : The contents of the service specification (Atkin & Brooks 2015, 135)

Table 7 shows the typical format of a service specification. Drafting a service specification for the first time is a time consuming task. For some organizations, trade unions provide the guidance to their members and offer the model format of specification. However, it is reasonable that any format may require some adaptation to suit the organizational goals and to follow accepted practice. Moreover, advice and information from available source could be used to form a service specification which maintains the internal and external standards of the organization (Atkin & Brooks 2015, 135).

In general, there are two types of service specification, which are called, the prescriptive specification and the performance specification. A prescriptive specification defines the level of performance from top to bottom. Because of this, the outcome of the performance is measurable. Because of this, prescriptive specification does not require an interpretation (Barker 2013, 109, 110).

According to Barker (2013, 110, 111) both approaches are separated from each other. For instance, the prescriptive specification laid down what shall be done, how and when. Since it dictates the total working process, time, date and frequency, it makes easier to review the performance. On the other hand, in performance-based approach, the service provider is flexible to schedule the service based on the need and the demand, which is arisen by the common uses, weather, special events, and access hours. Atkin & Brooks (2009, 106,107) suggest that the performance-based specification is more likely to deliver the quality service with a limited budget than the prescriptive specification. To put it another way, prescriptive

specification by the definition is restrictive and difficult to make a change when the contract is running.

### 3 Methodology

#### 3.1 Qualitative research

According to Manson (2002, 3, 4) Qualitative research is “Based on methods of analysis, explanation and argument building which involve understanding of complexity, detail and context. Qualitative research aims to produce rounded and contextual understandings on basis of rich, nuanced and detailed data. There is more emphasis on ‘holistic’ forms of analysis and explanation in the sense, than on charting surface patterns, trends and correlations. Qualitative research often does use some form of quantification, but statistical forms of analysis are not seen as central”

Lapan, Quartaroli, Riemer (2012, 69) state that qualitative research can be carried out in different ways such as, case studies, interviewing the people have relevant experience and observation where researcher live, work or spent leisure time. One of the viewpoints of the qualitative research is that reality is complicated and socially constructed. Therefore, Lapan et al. (2012, 69) recommend that research design must be open to change during the investigation.

Research topic itself is based on hypotheses, by considering certain facility management tools and methods are important to implement an effective outsourcing process to obtain a quality service. As a result, this task involves analysing and explaining the useful facility management tools and methods. Therefore, researcher finds out that qualitative research is the applicable approach to this research.

#### 3.2 Research approach and strategy

In a qualitative research, a research commences from either a deductive or an inductive approach. If the research commenced by using a deductive approach, the researcher will seek to use existing theory to shape the qualitative research process and aspect of data analysis. In general, the deductive approach is considered for the scientific research. On the other hand, the inductive approach is considered to gain understanding from the research process and formulated the theory by collecting and analysing the data. As a result, the researchers gain a wider understanding from the process to make a conclusion (Saunders, Lewis & Thornhill 2016, 168).

As mentioned earlier, the aim of this research is to find out facility management tools and methods to implement an effective outsourcing process to obtain a quality service. Therefore, the researcher uses both deductive and inductive approach for this research. Lapen et al (2012, 243) state that case study research is an investigative approach, which explore the complex phenomena, such as recent event, programme in order to get a deeper understanding of these phenomena. According to Yin (2003, 2) case study contributes uniquely to expand our knowledge of, individual, social, organizational and political phenomena. Case study has been a common research strategy in social work, business, psychology, political science.

As a research strategy, a single case study namely, Itis shopping centre was applied in this qualitative research.

### 3.3 Data collection methods

For this research, Interview was chosen as a data collection method. Itis's shopping centre manager, maintenance manager, and cleaning and security manager were interviewed for collecting the relevant data. Cleaning and security manager is responsible for the security department, the inside cleaning department and the outside cleaning departments. Cleaning and security manager was the representative on the behalf of Itis Shopping Centre for this research project.

Beginning of this research project, a brainstorming session took place with the cleaning and security manager as a development process to have a better understanding about the research process and topic. Later on, a semi-structured face to face interview was conducted with security and cleaning manager to collect the relevant data for answering the research questions. The interview questions were developed precisely to make the interviewer flexible to answer the questions more in-depth. At the same time, all three facility managers, namely, Shopping Centre manager, Maintenance manager, and, cleaning and security manager were interviewed with a close ending questionnaire. In order to receive more information, the cleaning and security manager was interviewed for the second time via email.

### 3.4 Reliability and credibility

According to Saunders et al. (2007, 149,150) reliability and credibility of a research could be improved by reducing the possibility of getting wrong answers. One of the threats to reliability is participant errors, which may happen for different reasons. Therefore, beginning of this research project, a brainstorming session took place with the representative of the case company to ensure that research topic, aim and questions are well-understood. Furthermore, interview questions were handed out before the interview to make sure the response is error-



free. At the same time, Interviewees were requested to ask the researcher if they do not understand the research questions.

According to the Flick (2002, 77) to focus on the interview topic, it is important to encourage the participant to explain in more details. Interview questions were developed based on the theoretical part to collect the relevant data from the interviewees. During the face to face semi-structured interview, the interviewee was given enough time to support and explain the questions in details. Interviewees were requested to ask the researcher, if the questions were not clear to understand. In order to keep the research from being bias, the researcher recorded the interview. Second semi-structured interview was conducted via email. As a result, threat of the researcher bias was avoided.

Establishing the credibility was a crucial task to do the research project with the case company. During the brainstorming session, the purpose of the research and data processing procedure were explained to the representative of the case company. Later on, representative of the case company signed the research permit. The research permit also defines how confidentiality of the information and anonymity of the interviewees would be protected. Same rules also followed for the semi-structured email interview. Interviewees were given the option to make inquiries regarding the research and interview questions. Confidentiality of the information and anonymity of the interviewees were given priority to ensure the research from being participant bias.

## 4 Results and analysis

### 4.1 The key drivers and challenges of outsourcing facility services

According to the ML, one of the key drivers for outsourcing the facility services is the business strategy. ML emphasises that outsourcing has proven as a cost effective solution to provide the wide scales of services in the shopping centre. Outsourcing also reduces the need of having an in-house human resource department; as a consequence, it creates simplicity in the organization. In ML's own words-

“Outsourcing is proven to be most cost effective way of producing the wide scale of services in shopping centre. Outsourcing personnel based services also reduces the need of in-house human resources department” (ML)

Furthermore, ML states that outsourcing is not only cost efficient, but also an opportunity to work with the outside expertise. Outsourcing service providers are specialist in their own fields. As a result, they can provide better service in a cost effective way. In ML's own words

“these companies are professionals in their own field’s of business and they can provide the best specialists for our use.” Meantime, ML points out that internal capacity is not sufficient in the sense of specialist and expertise.

Similarly, all three facility managers were asked to choose the applicable drivers for outsourcing facility services. All of them choose business strategy and insufficient internal capacity as the key drivers for outsourcing services.

The key drivers of outsourcing facility service in Itis are shown in Figure 10.

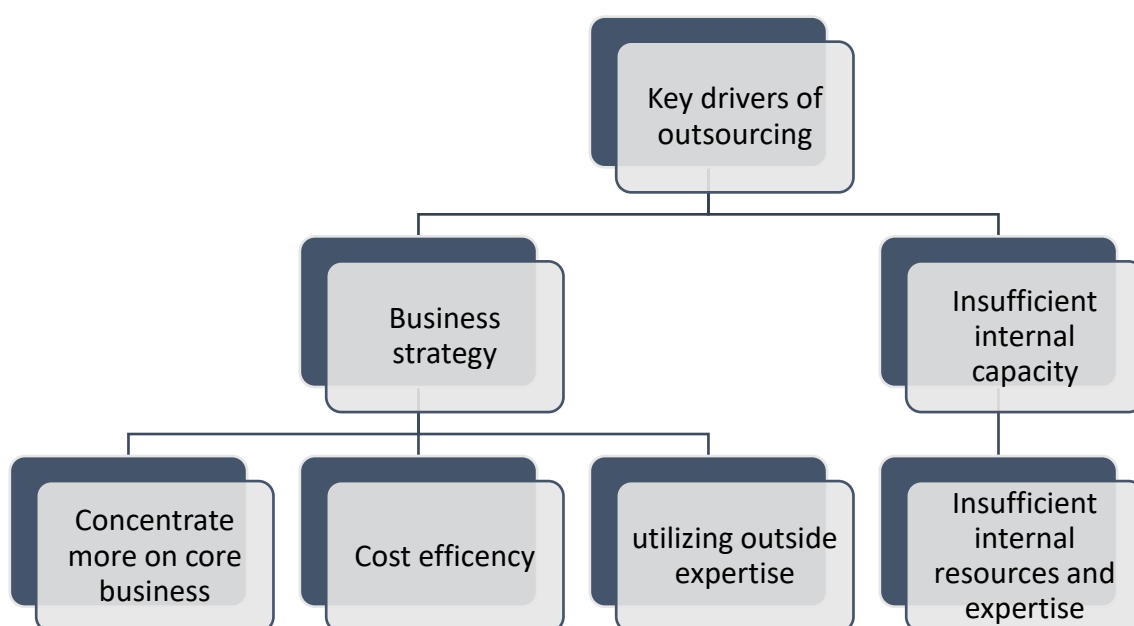


Figure 10: The Key drivers of outsourcing service in Itis

Figure 10 shows the key drivers of outsourcing services in Itis. Similar kind of result has shown in the IFMA’s (International Facility Management Association) research report (IFMA 2006) on outsourcing practices. It suggests that 94% facility managers choose outsourcing to reduce or control costs, while 91% facility managers choose outsourcing is important to access specialized knowledge or specialized skills and 87% consider outsourcing is important for requiring speciality skills. 487 facility managers and executives participated in the research survey (IFMA 2006, 16).

As mentioned earlier, outsourcing decision should not be made without identifying the risks and opportunities related to the outsourcing. Therefore, all the three facility managers were asked, whether the risks and opportunities surrounding the outsourcing decision have been identified and their impact has been assessed. According to the interviewees, the risks and opportunities surrounding the decision have been identified and their impact has been assessed.

Above all, outsourcing is not without the challenges. While answering the question of the advantages and challenges of outsourcing services, ML points out that employees of the outsourced company might not be as committed to the customer's goals as own staff would be. It is important that outsourced staff is well trained and they understand the customer's needs and commit to achieving them.

Similarly, IFMA's research on outsourcing practices (IFMA 2006, 18) shows that 73% facility managers concern about the loyalty or dedication of the outsourced FM provider's employees and management, while 69% facility managers concern that Outsourced FM providers would not understand the organization's culture or priorities. Because of this, all three facility managers were asked, whether service providers are aware of the internal and external standards. External standards are statutory requirements, industry-accepted best practice. On the other hand, internal standards are developed by the organization. Based on the interviewee's answers, outsourced service providers are aware of the internal and external standards.

#### 4.2 Procurement process

According to the interviewees, Itis has developed a procurement policy and procedures to ensure the procuring service meets the organizational needs. Stakeholders with an interest in the services have been engaged and their needs as the end-users have been identified. The risks and opportunities surrounding the outsourcing decision have been identified and their impact has been assessed.

ML states that the procurement process starts with identifying needs. At the same time, it is crucial to set the service level requirements. When the baseline for the outsourcing is established, short listed service providers are invited to bid. The service providers present their start-up plan and cost of doing the task. The negotiation takes place with the potential service providers and, the contract and the service level agreement are the outcome of the negotiations. In ML's own words-

"Process is to identify the needs and then set required service level. Needs and service level requirements are then communicated to potential service companies and tendered. Contract and service level agreement are outcome of negotiations where service provider presents their detailed strategy to reach agreed service level and costs of doing it" (ML)

#### 4.2.1 Request for tender

According to ML, it is important to choose the right service provider who is stable and able to reach the service standards for the organization. Meantime, it is an essential task to identify the risk on choosing companies. In ML's own words-

"Finding the right partner, we have to go with stable companies; we have to identify the risk on choosing companies" (ML).

ML states that tendering is a time consuming matter. As a result, a request for tender is sent to five or eight companies. ML mentions that normally the tender invitation sends to the well-known, stable and big companies. However, a new company may ask to bid, which will be taken into consideration.

#### 4.2.2 Request for information

ML mentions that the prospective service providers are required to provide the certain documentation to demonstrate their stability. In ML's own words- "even if the services are different, it is standard legal documentation we use, that required the company to deliver certain documentation of the stability of the company".

ML explains that request for information is very important; it helps to identify the service providers who do not have resources, finance and capacity to carry out the contract. During the pre-tendering process, service providers are required to provide the certain information to demonstrate their eligibility for the contract. If there is no available information, a request for information may issue to the service providers to know about the service company.

#### 4.2.3 Tender assessment

According to the interviewees, tender assessment focuses on the quality, performance and price. Furthermore, it is essential to assess the service providers' strategies to achieve the required service standards. ML emphasises that it is important to assess the service provider's strategy to get the service level cost effectively. In ML's own words "we estimate that is it realistic strategy? Can we work with this company? After negotiation you find cost effective solution, you have to find solution that get to the service level, cost effectively as you can".

Based on the interview, the researcher illustrates Its procurement timeline below.

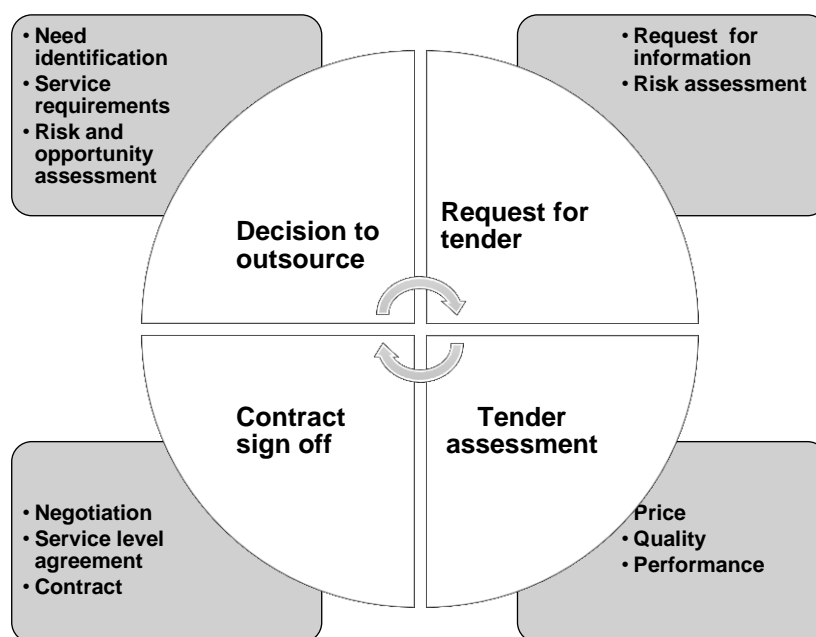


Figure 11: Procurement timeline of Itis

Figure 11 shows the procurement timeline of Itis.

#### 4.3 Contract and service level agreement

According to the interviewees, Itis has a competence to prepare the service level agreement for outsourcing services. Contractual agreement allows Itis to review the performance of the service providers. Most importantly, adequate controls are in place to deal with the changes to the service specification and the service level agreement within a short-period of time. In addition, the service level agreements include an annual review and break clauses which will enable Itis to terminate the service providers in case of poor performance.

Cordall (2016) an IT, intellectual property and commercial lawyer recommends that a client organization should not let the service providers to draft the service level agreements. It is important for an organization to go over the process of deciding what services should be provided, how services should be provided, where and to whom. Cordall (2016) also suggests that the service level agreements should include a termination clause to terminate the agreement for the material breach if the service levels have not been achieved. Cordall's recommendations were supported by the case company. As mentioned earlier, Itis has competence to prepare the service level agreements and adequate controls are in place to change the service level agreements and service specification, when it is required.

ML emphasises the importance of the written service level agreement together with the service specification, which is important to maintain the quality service. Beside that the service

level agreements should include the quality expectations of the service, the measurement criteria, the details working hours, and the responsibility of each party and the plan for future development (ML)

Barker (2013, 289) similarly states that the service level agreement is important for both client and service providers. Typically the service level agreements include, details of service, service standards, level of quality required, time table of the service delivery, provisions of legal compliance, responsibilities of each party, payment terms and possible compensation arrangements, performance monitoring , termination conditions by both parties.

#### 4.4 Service specification

As mentioned earlier, a service specification is a written document which includes the description of the service together with the customer's requirements. It is important for the service provider to know what kinds of service they are going to provide and what are the customers' expectation regarding the service.

According interviewees, Itis has competence to prepare the service specification. There is adequate control in place to deal with changes to the service specification. According to ML, Service specification was developed by identifying the needs. ML explains that "it all start from identifying needs .Two most important things is identify the need than you set the service level "

ML explains that Service specification includes the detailed descriptions of what is being provided. It clarifies the tasks and responsibility of each service provider, time frame, and quality expectation of the service. ML emphasises that constant development and communication is required to support it. According to the interviewees, stakeholders with an interest in the service have been engaged properly and their needs as end-users have been defined.

Similarly, Theriault (2007) points out that implementing an outsourcing contract without defining the service level is risky. An organization may receive less than expected or more than necessary. It's also harder to determine, whether the organization is getting what is paid for. Nor does the service provider have clear service targets and objectives. It will create the gap of required service level that business needs to be successes. At the same time, without identifying the stakeholders' needs (client and customers), it will be difficult to fulfil the stakeholders' needs. Either it will be less than enough or more than enough.

#### 4.5 Performance monitoring

According to the interviewees, all service providers' performance has been reviewed periodically. Performance reviews focus on end-users, operations, finances, human resources and regulatory compliance. However, the performance monitoring procedure differs from service to service. On a daily basis, a duty manager is responsible to make an observation including performance of the service providers along with other managerial works. ML points out that body-storming or physically observing is suitable to monitor the performance of outsourcing services, in some cases; it can be done by reviewing the statistics and reports. In general, weekly and monthly meeting take place with the service providers to review the performance. In ML's own words

"In Itis we use several procedures in different services and all outsourced services have their own quality control systems. Most common is weekly or monthly meetings with service supervisors to review how set goals are being reached. This can be done in form of body storming or in some cases (such as technical maintenance) by going through statistics and reports"

Above all, client and customer play a key role in Itis to provide feedbacks on the quality of facility services. In addition, the third party's evaluation also suggests that whether set service levels are being reached or not. At the same time, service providers are being communicated based on the assessment. In ML's own word- "One quality controller is also customer (tenant/consumer) feedback that is being communicated to service providers. Larger customer surveys (tenant/customer) and third party evaluations show if services are reaching the set levels".

According to Barker (2013, 116) states that it is essential to review the performance of the service providers. It helps and organization to evaluate how service standards are being reached. Aktin & Brooks (2009, 114 ) state that there are a number of ways to evaluate the performance such as, collecting job reports from the service providers or worksheets, customer feedbacks, customer complaints and customer survey. After collecting all data, an organization can evaluate the overall performance of a service provider.

Based on the interview, researcher illustrates the performance assessment procedure in Itis.

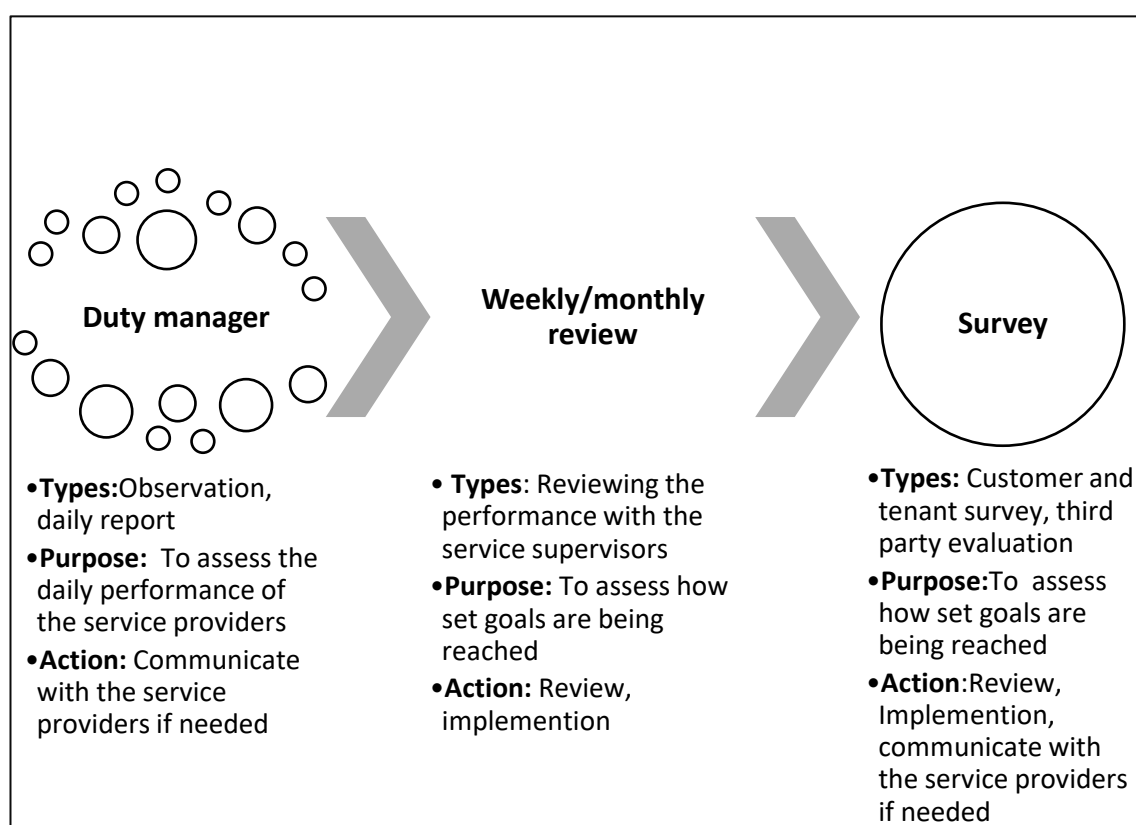


Figure 12: Performance monitoring system in Itis

Figure 12 shows that Itis has developed a performance monitoring system to ensure service level agreements and service standards are being achieved.

Similarly, the social welfare department of Hong Kong has developed a service performance monitoring system. It has been developed to ensure that the service providers are responsible for providing quality service, accountable for their actions and committed to improving the service quality in response to a change in the end user's needs. It includes different assessment methods such as, annual reporting on service requirements and service quality standards, self-reporting by service providers, surprise visit, on-site assessment, User's satisfaction survey and feedback from the users (Welfare Department of Hong Kong 2012).

#### 4.6 Health and safety in Itis

According to the interviewees, Itis's health, safety and security policy statement is accessible to all service providers and occupants. The service providers are aware of the internal and external standards and compliant with health, safety, security and environmental regulations. Besides that, monthly review covers the compliance of the service provider. According to the Centre for Occupational Safety (2013, 8, 9) a client organization prepares the guidance on



work, mobility and significant of dangers in the property. On the other hand, Supplier or service providers are responsible for the employees' qualification, safety orientation, safety guidance to perform the job, and, to provide the information regarding the work place.

#### 4.7 Quality system in Itis

Based on the interviews results, Itis has developed a systematic process to manage the quality of outsourcing services. In order to understand how quality is obtained by the existing tools and methods, Bakers (2013, 72) four components of a quality service was applied here. As above mentioned earlier, Baker states that quality in term of service consists of four components, which are excellence, compliance, intelligence and reviews. Figure 13 shows below how the quality system works in the Itis as far as outsourcing is concerned.

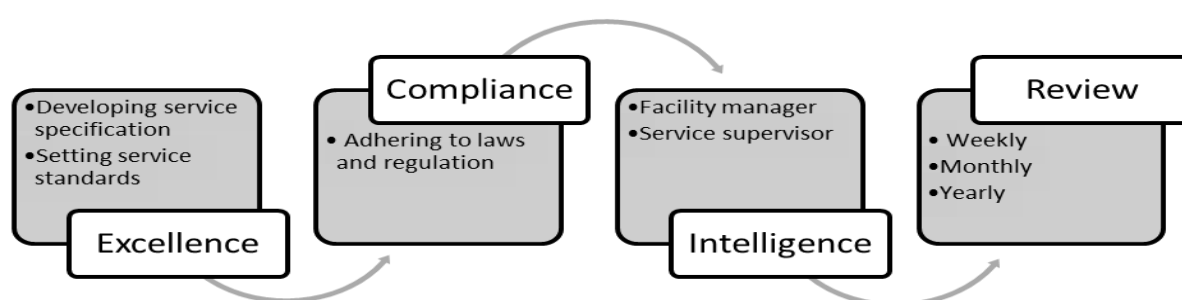


Figure 13: How quality is obtained by the existing tools and methods in Itis

Figure 13 shows that how a quality service is obtained by the existing facility management tools and methods. As above mentioned earlier, Baker (2013, 72) states that excellence is all about making a precise requirement of the service together with service standards. According to the interviewees, Itis has developed the service specification for each outsourcing services. It includes the required service standards, service provider's regulatory obligations and performance measurement procedures. This research suggests that facility managers have been working closely with the service providers to make sure the required service levels are being reached; safety and security rules are being followed. As above mentioned earlier, Itis has different performance measurement procedure. It helps the management team to review the performance of the service providers and to take decision based on it. The interviews results

suggest that Itis is using existing tools and methods effectively to ensure the quality of outsourcing services.

However, ML was asked to tell about the Itis's quality control procedure. According to Kemp (2006, 94) quality control is a set of methods developed to ensure that output and process meet the requirements. In constraint, Itis has developed a quality control procedure to ensure the performed service meet the service requirements or service standards.

ML emphasises that it is important to set up the services in order to reach the set quality level effectively. ML states that a quality control procedure varies service to service. In general, monthly or weekly meeting takes place with the service providers to review how set goals are being achieved. On a regular basis, managers make an observation in form of body storming to ensure that required service levels are being achieved. For some services such as technical maintenance, quality control procedure is to review the reports or statistics.

In ML's own words "“In Itis we use several procedure in different services and all outsourced services have their own quality control systems. Most common is weekly or monthly meetings with service supervisor to review how set goals are being reached. This can be done in form of body storming or in some cases (such as technical maintenance) by going through statistics and reports”.

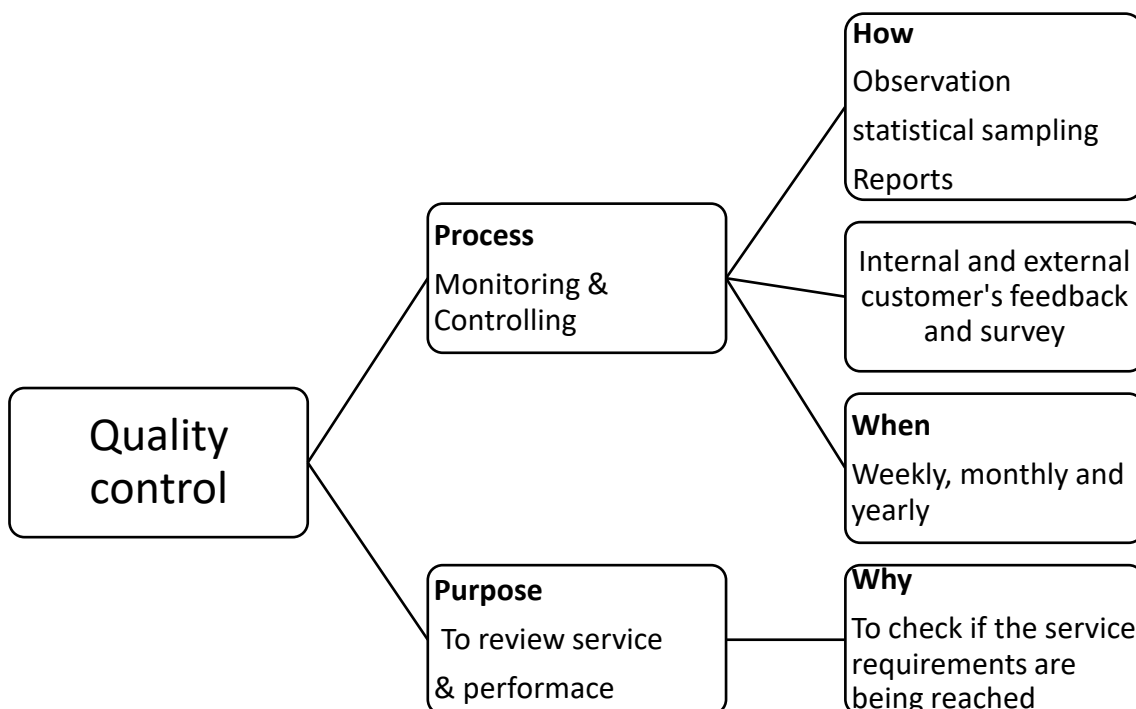


Figure 14: Quality control system in Itis

Figure 14 shows that Itis's quality control system. It suggests that customers are given top priority from the outsourcing decision and to obtain a quality service from the service providers. As mentioned earlier, ML states that the tenant and the customers' feedback and survey are important to observe whether set service levels are being reached or not.

## 5 Discussion

This research project was conducted to find out the existing tools and methods the case company is using to implement an effective outsourcing process to obtain a quality service. In order to answer the research questions, researcher used interview as a data collection method. Theoretical framework focused on defining facility management tools and methods, which are important to implement an effective outsourcing process to obtain a quality service. Three facility managers of the case company, namely, maintenance, cleaning and security, and shopping centre manager were interviewed for this research. Interview questions were designed based on the theoretical framework. However, interviewees were given a chance to explain in details to get relevant information. All the relevant data and information from the interviews were collected and presented according to the theme developed from the theoretical framework.

The research result suggests that the Case Company has developed a systematic approach with the following tools and methods, which are shown in Figure 15.

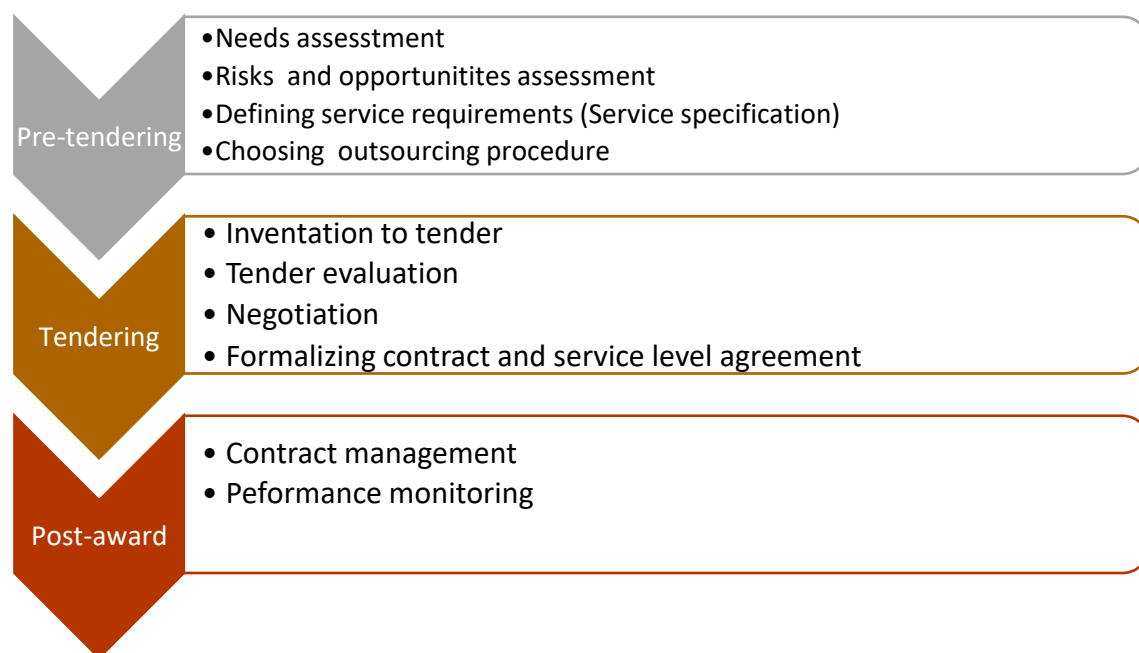


Figure 15: Tools and methods the case company is using to implement an effective outsourcing process to obtain a quality service.

Figure 15 shows that the Case Company is using the tools and methods in three different categories. At the pre-tendering stages, the case company is using the following tools and methods, needs assessment, risks and opportunity assessment, developing the service specification. During the tending, the Case Company takes the following procedure such as, indentation to tender, tender assessment, negotiation, formalizing contract and service level agreement. At the post-award stage, the case company monitors the performance based on the service level agreement and the service specification. The research suggests that the Case Company is using facility management tools and methods effectively to implement an effective outsourcing process to obtain a quality service and quality is obtained by these tools and methods.

Outsourcing plays a significant role in the case company. To support the core business, the case company has outsourced approximately 50 services in the property. It suggests that outsourcing has a significant role in the case company.

Business strategy and insufficient internal capacity were considered as the main drivers of outsourcing services. The decision for outsourcing was made based on the assessments, which assess the risks and opportunities related to the outsourcing services. As mentioned above, many experts consider outsourcing as a cheaper, faster and better. In addition, it is an opportunity for the case company to use the outside expertise's who are expert in their own field. Outsourcing companies are specialized in specific services, it helps the service provider to provide a cost effective solution for the client. It also transfers the liabilities in the sense of labour and equipment. Outsourcing service providers take the responsibilities to deliver the service effectively and efficiently. Therefore, administrative team can concentrate more on the core activities.

To choose the right service provider for the right service, it is important to develop a procurement process and procedure. The Case Company has developed a procurement policy and procedure. Beside that it has competence to prepare the service level agreement and the service specification. The procurement process starts with inviting the prospective service providers. This stage is considered to be crucial for the outsourcing services. The prospective service providers should be assessed properly to find out the right service provider for the future negotiation. For the case company, it has developed an (RFI) request for information which has been issued to the prospect service providers.

Request for information is useful to get relevant information about the service providers. It also helps a company to evaluate the service provider with a range of categories. However, a request for information may differ from company to company, service to service. An organi-

zation can develop request for information based on its needs and requirements of the services.

In addition, the case company conducts a risk assessment before issuing a request for tender to the potential service providers. As mentioned earlier, Booty and Taylor (2009, 260) mention that private organization may not prepare to publish their tender announcement publicly, in that case, company's tender invitation send to the short listed candidate who is already known to the company.

The Case Company sends the invitation to tender request to 5 to 8 companies. To manage the quality of outsourcing services, it is also important to evaluate the tender proposal .The case company evaluates the tender proposal in terms of quality, performance and price.

The Service specification is considered as an essential tool. A service specification is a written description of the service. It defines the scope of the service, what are the client's requirements regarding the services, what are the service standards and how the performance will be monitored? It helps the service provider to design the service in an effective and efficient way. On the other hand, it helps the case company to assess the performance against the service specification.

The needs of the stakeholders may change over the time. Therefore, it is important to have adequate controls with the changes of service specification within a short period of time. It helps an organization to develop, modify the service when it is needed. The Case Company has prepared the service specification as a part of a request for proposal or tenders. It also helps the prospective service provider to prepare their start-up plan, including the service design, cost structure, equipment and the human resources.

The contract is another essential tool. It establishes the relationship between an organization and a service provider. It is important to have a written contract. The Service level agreement is one of the most important parts of the contract. It defines the responsibilities of each party, such as service specification, term of the contract, insurance, reaction time requirement, payment and fees, and cancellation. A service level agreement can be reached by the negotiation. However, for some service level agreements, it is essential to get a review from the legal experts.

For the case company, the relationship with the service providers is based on the contractual agreement. It defines the responsibilities of the service providers, the service standards, the performance measurement procedures, and how sanction will apply if the agreed service levels are not achieved. Most importantly, adequate control in place to deal with the changes to

the service level agreement within a short-period of time and contracts include an annual review and break clauses. It will help the case company to remove the poor performer, to bring a change in service level agreement and service specification, all of these elements are essential to develop the service, to fulfil the stakeholders' demand and to keep the property in a profitable condition. In addition; some contracts are reviewed by the legal consultant.

After establishing a contractual relationship with the service provider, it is important to monitor the performance. Monitoring process may differ company to company, service to service. The purpose of the performance monitoring system is to measure the performance of the service providers based on the service level agreement and the service specification. It also helps an organization to detect under performance earlier. The Case Company monitors the performance of the service providers in several ways to ensure that required service levels and service requirements are being reached. The purpose of the performance monitoring system is to ensure the quality of the outsourced services as well as to make the service providers accountable and responsible for their actions in the property.

## 6 Recommendation and conclusion

### 6.1 Recommendation

This research suggests that the Case Company has implemented an effective outsourcing process by the existing tools and methods to obtain a quality service. These finds are the strength of the Itis facility management.

For the purpose of future innovation and development, The Case Company has an opportunity to benchmark the post-awarding tools and methods such as the service level agreement, the service specification and the performance monitoring to get the innovative concept and ideas from the other organizations. For benchmarking, available online resource can be utilized.

According to Wiggins (2010, 508), Benchmarking is the process of continuously measuring and comparing a business process with the other organizations or departments to obtain information, which is relevant and helpful for the organization to identify and implement improvement. Benchmarking is a systematic process for evaluating the product, service and the process of the organization.

Wiggins (2010, 509), suggests that the advantages of external benchmarking are numerous such as, discovering useful, innovative practices, building the professional network and getting relevant data for the future development . Particularly, for the facility management professional, Wiggins (2010, 509), states that the service level agreements and the performance

monitoring system should be part of the benchmarking toolkit to demonstrate, how its added value to the core business.

## 6.2 Conclusion

This research project was conducted to find out the facility management tools and methods the case company is using to implement an effective outsourcing process to obtain a quality service. One of the difficult tasks of outsourcing is to obtain a quality service. This research suggests that it is important to implement an effective outsourcing process to obtain a quality service.

As mentioned earlier, International Facility Management Association research on outsourcing practices (IFMA 2006, 19) shows that 78% facility executives state that getting the right service levels is challenging, when it comes to outsourcing services. This statistic suggests that the gap between the goal of outsourcing and implementation.

By commenting on this statistic, Theriault (2007) states that the most likely reasons are including, poorly defined service levels, a performance issue with the service provider or ineffective management of the outsourced relationship. Theriault suggests that regardless of the root cause, tackling the service level challenge involves three key steps, including defining service levels, implementing performance management and an effective contract management. In general, these three elements will be in place before outsourcing begins. However, it could be implemented with the current service providers, incorporated into the next renewal or re-tender (Theriault 2007).

Similarly, this research suggests that during the contractual relationship with the service providers, the service specification, the service level agreement, the contract, the performance monitoring systems are most important tools and methods to obtain a quality service. This research also suggests that the service level agreement, the service specification should be opened for the future development of the services, and need to be changed when it requires.

These findings can be used for decision making and strategic thinking to develop and re-develop the facility management practices related to outsourcing. This research suggests the effectiveness of these tools and methods. By these tools and methods, the case company has implemented an effective outsourcing process successfully to obtain a quality service.

However, the research still has few limitations. The interview samples were relatively small. These limitations have remarkably overcome by interviewing 3 different facility managers,

who are responsible for the major outsourced departments. However, a much larger amount of interviews would possibly reveal interesting findings to widen the scope of the research.



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Appendix 1: Face to face semi structured interview questions.

Interviewee /Job title: Cleaning and security Manager of Itis

Date: 19/07/16

1. Would you like to tell about your background?
  - 1.1 How long you have been working with Itis?
2. How do you describe Itis?
3. How do you describe Itis from hygiene and safety points of view?
4. What is the vision of Itis?
5. What kinds of values do you have as a largest shopping centre in Finland?
6. What kinds of services do you outsource in this property?
8. What are the reasons to outsource facility services in the first place?
9. Would like to tell the procurement procedure that has been used to procure the facility services in this property?
10. Would you like to tell the principles and objectives of Itis procurement procedure?
11. What kinds of competitive advantages and disadvantages a shopping centre can have from outsourcing facility services?
12. What kinds of advantages and disadvantages do you face while outsourcing facility services?
13. How do you define quality service?
14. Would you like to tell the quality control procedure that has been used to maintain quality services in this property?
15. How do you describe Itis service level agreement? Does it help to maintain a quality service?
16. How do you describe Itis Service specification from “SMART” point of view?

## Appendix 2: Interview questionnaire

Respondent's details, shopping centre manager, maintenance manager and, cleaning and security manager. Responds received on 10/10/2016 to 12/10/2016.

### Part 1: Facility Management (Atkin & Brooks, 2015)

1. Does facility management have a significant role in the organization?

A. Yes

B. No

C. Not applicable, please comment

2. Is the role of stakeholders in facility management fully recognized?

A. Yes

B. No

C. Not applicable, please comment

3. Please choose applicable drivers for outsourcing facility services?

A. Reducing the operation cost

B. Regulatory, legal and environmental issue

C. Business strategy

D. Internal capacity is not sufficient

E. In-house department underutilization

### Part 2: Procurement (Atkin & Brooks, 2015)

1. Has sufficient base information been gathered and synthesized prior to exploring the decision on whether or not to outsource?

A. Yes

B. No

C. Not applicable, please comment

2. Have all stakeholders with an interest in the services to be provided been properly engaged and their needs as end-users been defined?

A. Yes

B. No

C. Not applicable, please comment

3. Have the risks and opportunities surrounding the decision on whether or not to outsource been identified and has their impact been assessed?

A. Yes

B. No

C. Not applicable, please comment

4. Does a process exist for the purpose of procuring facility-related services?

A. Yes

B. No

C. Not applicable, please comment

5. Has the organization developed a procurement policy and procedure to ensure the procuring service meet the organizational needs?

A. Yes

B. No

C. Not applicable, please comment

6. Does the tender assessment focus in objective terms on quality, performance as well as price?

A. Yes

B. No

C. Not applicable, please comment

7. Have a request for the information (RFI) been prepared and issued to prospective service providers?

A. Yes

B. No

C. Not applicable, please comment

8. Have the scope of services, service specifications and service level agreements been prepared as part of a request for proposals or tenders?

A. Yes

B. No

C. Not applicable, please comment

Part 3: Working with the service providers (Atkin & Brooks, 2015)

1. Have service providers, where appointed provided details of their plans for start-up including key resources?

A. Yes

B. No

C. Not applicable, please comment

2. Is the organizational health, safety and security policy statement easily accessible to all service providers and other occupants?

A. Yes

B. No

C. Not applicable, please comment



3. Are service providers compliant with HSSE (Health, Safety, Security and Environment) regulations?

A. Yes

B. No

C. Not applicable, please comment

4. Are the service providers aware of internal standards and external standards?

A. Yes

B. No

C. Not applicable, please comment

5. Are arrangements in place to enable continuing assessment of the performance of service providers against service specification and service level agreement?

A. Yes

B. No

C. Not applicable, please comment

6. Are adequate controls in place to deal with changes to the service specification and service level agreement within a short-period of time?

A. Yes

B. No

C. Not applicable, please comment

7. Do contracts run for not less than three years, with annual reviews and break clauses to enable poor performers to be removed?

A. Yes

B. No

C. Not applicable, please comment

8. Does the organization have the competence to prepare service specifications and service level agreement for outsourcing services?

A. Yes

B. No

C. Not applicable, please comment

9. Is the performance of service providers reviewed periodically?

A. Yes

B. No

C. Not applicable, please comment

10. Do service reviews cover end-users, operations, finances, human resources and regulatory compliance as a minimum?

A. Yes

B. No

C. Not applicable, please comment

11. Do contractual agreements establish a relationship between organization and service provider to ensure that organization can have the right to audit the service provider's process, document and data?

A. Yes

B. No

C. Not applicable, please comment

12. Do contractual agreements ensure the involvement of the people from all level including contractor's worker to run the organization effectively and efficiently?

A. Yes

B. No

C. Not applicable, please comment

### Appendix 3: Email Interview questions

Types: Semi-structured interview via email

Job title: Cleaning and security Manager      Department (If applicable):

Date:

1. Would you like to tell about your background?
2. As per as outsourcing concerns, what are the essential elements of service level agreement and why?
3. Why it is important to develop a service specification? How does it help to manage the quality of outsourcing services?
4. Why it is important to monitor the performance of the service provider? What are the possible ways to measures the performance of service provider?
5. How essential it is to develop procurement process and policies in order to procure the facility service successfully?
6. Why it is important to prepare RFI (Request for information) and RFP (Request for proposal)? How does it help to choose the right service provider?